GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5338
ANSWERED ON:29.04.2005
STRIKE BY EMPLOYEES OF PSBS
Gohain Shri Rajen;Murmu Shri Hemlal;Sajjan Kumar Shri ;Sethi Shri Arjun Charan

Will the Minister of FINANCE be pleased to state:

(a) whether all the Public Sector Banks observed one day strike on March 22, 2005 in protest against the merger of banks and private investment in banking sector;

(b) if so, the details thereof and reaction of the Government thereto;

(c) whether the Government has received memorandum from associations in this regard;

(d) if so, the details thereof;

(e) the reasons for promoting private/multinational banks in the country;

(f) whether the Government propose to reconsider merger of banks/private investment thereof; and

(g) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PAU\NIMANICKAM):

(a) and (b) Yes, Sir. The Employees `Union and Officers` Associations of the Public Sector Banks (PSBs) were on strike on 22nd March, 2005 in protest against merger and acquisition of PSBs and foreign Banks/Institutions/ Investors taking over Indian banks.

(c) and (d) A strike notice in this connection served by the United Forum of Bank Unions was received by the Indian Pank`s Association (IBA).

(e) to (g) After liberalization the Private/Multinational Banks have been functioning in the country in the post financial sector reform period and have since become active players in the Financial Sector. At present, there is no proposal under the consideration of the Government, suo moto, for merger/privatization of any PSB. However, any proposal for consolidation by way of merger etc. of one nationalized bank with another nationalized bank has to come from their managements with Government playing only a supportive role as the common shareholder. Also, to bring the Indian banking industry to global level, new initiatives have to be introduced including, consolidation of the domestic banking system in both public and private sectors on the one hand and gradual enhancement of the presence of foreign banks in India in a phased manner on the other.